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DEMOCRACY AND INDUSTRY

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The conditions attaching to American industry have undergone kaleidoscopic change as a result of the great war. A little more than a year ago there was a dearth of work throughout the country; today, almost everywhere, the scarcity is of workmen. New plants are building and new equipment is being feverishly sought. Unprecedented opportunities and unprecedented obligations alike are being thrust upon industrial managements.

More than upon any other single nation the burden rests upon us to offset through our productive methods the loss of production incident to the demoralization of industry in the great industrial nations now in conflict. We have been discussing through recent years whether our economic surplus of modern times was properly divided: for a time now the question will revert to whether any surplus can be maintained, or whether for lack of industrial preparedness we must lapse into medieval conditions of economic deficit, even though we escape the whirlpool of international bankruptcy.

Meanwhile, American industry is justifying to a considerable extent the better things that have sometimes been ascribed to it, in its resourcefulness and adaptability. Contracts that would have been considered formerly in terms of months are being figured in terms of weeks, and plants that had been planned for deliberate building in the future are now being rushed to completion in unprecedented haste. All this, nevertheless, is being done with intelligent thought, however rapidly. As a single illustration, we hear a lament from some theorists in regard to so-called waste construction and the query is made as to what can be done with all these surplus buildings when the demand for production falls off or changes; but investigation would show in the majority of cases that though these are built because of the present emergency business, yet they are built on lines that make them potentially replacement plants for normal business, to which use they are designed to be put when the present pressure shall have been removed. So, in a variety of ways, careful thinking is being done to

figure how immediate necessity may be met in such way as to suffice likewise for future needs. Indeed, it not infrequently seems that the greater the stress the more careful and effective the thinking is, despite the brevity of time in which it must be done.

What, meanwhile, is to become of the consideration of the human relations in industry? This was in fair way but a little time ago to have got the intelligent attention it needed and was entitled to. We were metaphorically sitting down to this subject and planning to discuss it leisurely and good temperedly, with the distinct purpose of doing something about it all eventually, beyond even the good work already being undertaken.

There is this much certain that there should be the greatest possible accuracy in the use of the language we speak when we undertake to translate our mental processes at work upon these problems, inasmuch as the tendency is, in such a time of strain, for the mutual discussion of relations between capital and labor to fall into curt exchanges of ultimata and pronunciamientos, with quick settlements of differences whether well advised or poorly. The experience is not uncommon even in social life of hearing excited debate concerning some subject on which the disputants prove to be in complete agreement after they have talked around it through a period of completely misunderstanding each other's point of view. It is an especially grave misfortune in industry if one party to a contention clothes its thoughts in words that misinterpret these thoughts to the other. But this is a danger to which industrial disputes are peculiarly susceptible, and much would be gained if we could get the language in which these should be argued reduced to certain elementary forms which should have a common meaning to all.

The congenital reformer presumably is a valuable type, but he is not without sin against the cause he has espoused in his discussion of industrial relations. Perhaps it is because so many of these have been writers that we have now in common parlance certain dignified phrases of meritorious sound which convey as many different shades of meaning as there are people voicing them. It is at any rate a fact that too many of the reforming guild are literary stylists first of all, and most zealously. Euphony and mellifluous diction go extraordinarily far with us as a people, and phraseology too often wins a widespread approval that would

not be given to the logic which it implies if it had not been verbally sweetened. It consequently becomes essential for us, not too infrequently, to analyze the catch-words of our political, religious, or social language to determine whether we are using words primarily to bespeak thought or because they have a certain rhythm in their jingle. Only so we can avoid as a folk the attribute ascribed by a popular novelist of the last century to one of his characters who was said to have "a mind not exactly intellectual but felicitous in vocabulation."

There is, in particular, one such phrase, much in current use now, "industrial democracy," that was far too good to have been spoiled but that has been so glibly used to cover indefiniteness of thinking that it has become nearly if not quite useless for practical work, particularly for those who actually and passionately believe in democracy. This phrase is generally accepted as descriptive of some condition not yet operative but greatly to be desired. Its inherent attractiveness made it particularly adapted for a non-consequential word formula for the period of destructive agitation which tore down necessarily as a prerequisite to clearing the ground for upbuilding. As the unknown quantity in the equation, solution of which was to give us better conditions all around, it was pretty completely monopolized as a substitute for the more conventional symbol, X , to represent the factor sought. The inflammation in the body politic developed by the long-time acceptance as an axiom of the theory that "whatever is, is right" needed, very possibly, the treatment for a time of such a counter-irritant as the doctrine that "whatever is, is wrong"; and during such a period anything which might be assumed to mean a change seemed bound almost certainly to signify a betterment. It was by some such process that no close scrutiny was given to the syllogism which came to have rather general acceptance,—

We need that which we haven't;
We haven't industrial democracy;
Therefore, we need industrial democracy.

I have heard industrial democracy talked about within a few months among others by a trade unionist, a syndicalist, a student of social tendencies, and an employer. The meanings which each of these respectively attached to the phrase were so unlike that there was not even a common denominator discoverable, and yet as

a sporting proposition I would ask no more definiteness of action than would have resulted from bringing the group together. The trade unionist argued for the control of a specific industry through government by the different trades involved, seemingly with an analogy in his mind between the functions and rights of the different trade unions and of the states of our political system. The syndicalist had a clean-cut and well expressed argument that industry belonged solely to the workers in it under any circumstances and that they ought to combine and take it and run it. The student had a conception of an agreement between ownership and workers that should be reciprocally coöperative and so advantageous to each as to be compelling, once it should be tried. The employer wanted an organization of his own workers permeated with a common zeal for his interests, not too insistent about their own affairs but properly appreciative of blessings received, when he should confer them. The distributing fact in all this was that each was so obviously sincere in his belief that he understood the spirit of this elusive thing—industrial democracy—and in a testimony meeting where all who believed in it should have been invited to rise, the four would have been found upon their feet. It would be highly amusing if one were only cynical, but to those who crave real progress toward reasonable industrial adjustments such futility cannot but be a genuine sorrow!

We who believe in democracy as a political system do so in full recognition of the fact that its merits are not secured without very considerable sacrifices. One's faith would be but insecurely established if it were founded on any basis which did not take into account the real cost at which democracy must be maintained seemingly. As a political system it is clumsy and inefficient in all material ways, and idealistically it sacrifices the opportunity for carrying the few to major refinement for the sake of bettering the average. Its virtues lie in the free-play it gives to individual volition which it puts under restraint only at the point where it must be curbed that other individual volitions may have their like free-play. Thus, to those of us who wish to live our own lives, with the minimum of outside interference, democracy becomes a very precious thing.

Even so, however, we recognize in emergencies when unity of action becomes a necessity for early accomplishment, that the

forms of pure democracy must be somewhat laid aside to preserve the fact. We see this principle at work in varying degrees as some dread disease grips a community and quarantine shuts off exodus from it; or as fire devastates a city and the police are put in control of the panic-stricken populace; or as floods force death and destruction upon the country-side until the troops are brought in to protect and aid in reconstruction. For a time in any of these cases, we allow the delegation of authority to go to autocratic extreme, complaisant in our knowledge that its purpose is being accomplished in behalf of the over-ruling principle of democratic government.

Now industry has as its primary and specific function, upon the accomplishment of which the prosperity of the people at large depends, the constant maintenance of economic surplus through its productive methods. Furthermore, the success of government in the political state ultimately is dependent upon this same thing, for no form of government is likely to endure under which the trend toward reduction of economic wealth becomes established. Of course, the answer may be made to this that by new methods of distribution by which great accumulations of wealth should be broken up, the people at large could have increased resources even under conditions of lessened gross economic wealth. But this condition could only be temporary if the production methods of industry became disorganized and their fruits became impaired, for with the shrinkage of the economic surplus conditions would steadily tend again to become drastic for the increasing number without capital, and any considerable correction of such conditions would be correspondingly difficult for demobilized capital to accomplish.

It is, to be sure, perfectly possible to imagine a consumer's orgy for any given generation during which the wealth for current use should be more largely appropriated to common utilization and under which an undue proportion of the world's principal should be consumed, regardless of all consequences for ages to come. In spite, however, of seeming sordidness of occasional eras or of occasional social groups, and in spite of certain conspicuous exceptions both among capitalists and labor bodies, the world at large with all its short-sightedness has too much altruism and too much idealism to let such a condition continue long. In the main, a

large majority would agree to the proposition that we must hold to our rate of production, or even increase it to normal extent. The important differences of opinion would arise over the proportional assignments of the wealth created to the various parties involved in the accomplishment.

Here it is that democracy as a form of government has its obligation for intelligent jurisdiction, for it can say and must be expected to say, from its broad concern for the common good, that industry shall not be so conducted that the individuals involved shall be subjected to conditions that in their physical, mental, or moral influences are antagonistic to the principles for which a democratic government stands. Or, putting the proposition positively, democracy as a governmental system can say that all which industry does must be done subject to the public code to which the government commits itself in behalf of its people.

There can be little exception taken to the argument of Mr. Gompers in his recent editorial on "Labor's Participation in Government" in the *American Federationist* for February, wherein he writes:

. . . . These, and all workers, have earned the right to real representation in government and in determining its policies of industry and society—have earned their right through their flesh and blood and through the bone-wearing anguish of toil. Yet they have been denied full, real recognition of their worth as men and citizens—they have not been admitted to participation in the heart of government. Daily life has taught them to distinguish between the real and the spurious—between true power and things associated with power.

The right to vote implies but little as to real participation of the voter in the government. With the development in our country and the increases in our population, the political tendency has been toward the creation of commissions authorized to investigate, to determine policies and to formulate plans. Since the real work is done through commissions and committees, these are the political agencies that exercise governmental power. Only when there is representation on these committees and commissions, in addition to the other recognized political rights, is there real participation in the political life of the nation. This commission tendency of government has been so gradual that its significance and importance have not been grasped by all of the citizens. Those who have interpreted this tendency aright have been urging upon the attention, not only of those in authority, but of the wage-earners themselves, the justice and the necessity for representation of wage-earners on these commissions and committees.

Certainly the conduct of no industry must be allowed to deny rights which the government purports to guarantee or to controvert

principles for which the government stands. Coincidentally any industry which does not see, must be made to see that in the evolution of a system of which it is the beneficiary, by which people have been drawn from their homes to centralization within factories or plants, and by which workers have sacrificed the mental and physical advantages of a variety of occupations to highly specialized tasks, it has become responsible for the establishment of conditions under which the well-being of the worker shall be served throughout his hours of employment, and for the setting of hours and wages at points where he shall have a chance, outside of working hours, to conserve the welfare of himself and those dependent on him. Beyond such limits, however, wherever they be fixed, the procedure must be existent which most consistently breeds efficiency and stimulates output in production unless we are to pay the penalty individually and collectively.

"Industrial democracy" in its too frequent use is intended to be descriptive of proposed organizational modifications which imply an electorate of workers which should directly have jurisdiction over management. The fallacy involved is that this is desirable, on the assumption that this would or even could be of lasting advantage to the individual worker, for it certainly would not be except as one may assume that such democracy would be free from the weaknesses and faults of democracy as a system of government in the political state.

Politically we have specialized as a people in recent years so completely on claiming rights that our senses of obligations and responsibilities have become atrophied. Authority has been weakened, not only in state and church, but in home and school, until it commands even less respect than obedience. Amid all this, somehow, the conviction is growing that action which develops from dilettante philosophizing about the claims of society and the common good offers too little compensation in constructive accomplishment for what society is called upon to sacrifice in character of the individuals who compose it, through their being so little called upon to acknowledge authority to anybody or anything.

It is unfortunate that there is not a more general knowledge of the influences under which industry has developed. If the elementary fact could be understood of the relation of decreasing productivity of land to increasing wants per unit of population,

to say nothing of the actual increase of those units, it would bring incalculable good, in that it would do away with the haziness in which so many of our industrial problems are befogged. The bearing of the truth ought to be understood that the human mind alone has stood between the increasing population of the world and universal want. He who first made two ears of corn to grow where one grew before was earlier representative of that ever-increasing number who by applying their intellects to production problems have made possible the increases by which growing populations could be maintained within given areas of the earth's surface. The modern counterparts are the men whose brains have devised machines, applied power, and invented methods by which the productive output per unit of population has increased beyond comprehension.

In this connection it deserves attention that of the great industrial nations, that one where abject poverty has been most evident and widespread is England, where trade-unionism and those of like thought have most definitely agitated for and secured restriction of output in production. Lord Rhondda, the Welsh coal magnate, in discussing after-the-war problems recently, as quoted in the *Associated Press*, made a number of most interesting comments on conditions in England. He said, in part:

Apart from the slump inevitable during the period of adjustment immediately following the close of the war, we shall be as heavily saddled as any country in the world with war indebtedness. Heavy taxation will tend to drive both mobile capital and the best of labor out of the country.

We have got to get both of them back. We have got to produce more than we now produce. And to do this we have got to organize the nation in a big effort of industrial production. Nothing else can again secure us the premier place in the markets of the world.

Now we know, from our munition-making experience, that our industrial population can produce more per man than it did before the war. Much as I sympathize with trade union aims, I am afraid it has to be admitted that trade unionism, by its restrictive policy, was slowly throttling the commerce of Great Britain. From a variety of causes we now obtain, I understand, a higher output per man, and we are certainly paying a far higher rate of wages per man.

The question is, will labor agree to continue the increased output after the war, and still further increase it? Restriction of production has become such a fixed policy with many of our great unions that there is grave doubt whether they will sanction such a course, even though employers will be willing to maintain the higher rate of wages. Personally I hold that it is nationally advisable to pay a man the highest possible wage, provided you get from him in return his maximum production.

Unfortunately the unions have hitherto declined to admit that the restriction of output affects the whole business possibilities of a nation. I think, however, that the graver conditions we shall have to face at least suggest that they should reconsider the whole question with a view to national exigencies. One is tempted to wish, by the way, that trade union leaders were more keen on education. If they would encourage among the workers the study of sound economics from a national point of view, they would do much to clear their vision as to the vital part which production plays in the history of our country.

If we in England are to take our proper place in the fight it will require vigorous effort to obtain a production large enough to compete at all outside our own boundaries.

In the large, the history of invention is the history of progress, and must continue to be so. There is abundant reason to believe that from now on the same type of intelligent dynamic thinking which has heretofore been applied to mechanical developments and processes will be applied to that accumulated mass of problems which we classify under the term of "human relations." Visualization of the outcome of this is beyond possibility. Individuality and opportunity for pride in their work have been too largely denied the workers under modern methods of production. The way must be found to restore these as a prerequisite of all else that stands awaiting adjustment in the field of industrial relations. Only when this has been accomplished can we begin to expect the cumulative growth of contentment and satisfaction among people at large that will so greatly add to the sum of human happiness.

The result will be gained, however, through the influence of common sense rather than of sentimentality. This remains true even though there is, to be sure, plenty of reason to distrust the kind of thinking being done by the spokesman of the various interests involved. The kind of reasoning which makes one group argue against improved machinery, specialization of work, or such a moral advance as elimination of the saloon because it will throw barkeepers out of work, is offset at least by that which argues against education or shop-training which will enable the worker to earn increased wages, or reduces the piece-rate when workers begin to earn high payments, or shuts down an expensive plant to the community's hurt during a period of lessened profits. But the intelligence at work on the problem of increasing production is being focused on the problems involved in bettering the human relations involved, and conviction is growing that herein lie tangible and

concrete advantages for the future, with sympathetic leadership above supplementing intelligent enthusiasm below.

Real democracy will be achieved in our industrial system when conditions are actually established that insure the more capable men in the more responsible places and guarantee fair treatment and just wages to all. The development of productive methods from a knack to a science will necessarily in the evolution emphasize the superiority of the type of management which extends equal opportunity to all and perpetuates itself by the most discriminating selection. Authority must in the very nature of things be exercised by management over productive force rather than the reverse, but it will be derived justly and utilized intelligently.

These are portentous times and it is hazardous to forecast developments of a world in convulsion. But, it seems certain that when peace comes there will be such attention given to forms of government and industrial systems as never before. The trend towards democracy will be definite and perhaps irresistible. The conditions of industry are likely to be more normal in the United States than anywhere else in the world. The comparative merits of industrial methods should best be known here. If they are known, they can be of inestimable worth in the necessary reorganization of the world's affairs. Especial responsibility, therefore, rests upon us that these should be days of careful appraisal of our industrial system, and the terms in which we define its methods.

It is no time for mushiness of thought. It is as little time for empty or misleading phraseology. If the meaning of "industrial democracy" is going to imply that management shall be divested of its authority or that tenure of management shall be subject to control by those who may resent its efficiency, it is descriptive of a condition which cannot even be desired. Unity of action for the common good is necessary that the ratio between population and production shall be preserved, and this is only possible by organization and the delegation of authority through which the work of those of less ability shall be directed by those of greater. Otherwise we cannot argue effectively for democracy. Radical as we may become in regard to the conditions which shall be prescribed by the governmental system for the conduct of the industrial system, or for the distribution of wealth after it is produced, it yet remains

true that the one great function of industry is production, and that this must be organized to secure maximum results.

A world's work is to be done. Losses are to be made good. Burdens heavier than those borne in recent years are to be assumed. These are responsibilities that industry must accept. If democracy as a theory of government is to be conclusively impressive, the industrial system which is subject to its principles must be convincingly efficient.

A FUNCTIONALIZED EMPLOYMENT DEPARTMENT AS A FACTOR IN INDUSTRIAL EFFICIENCY¹

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The most significant fact pertaining to industrial management today is the attention which is being given to the problems of personnel. Recognition is being given to the truth that new sources of power and evolution of mechanical processes have but changed the points, in methods of production, at which the human factor is essential, without changing to any degree the ultimate dependence upon it.

The impressive thing is not that some men recognize the importance of the individual worker, for this has always been true of some; it is that such recognition is so rapidly becoming general, since it has been so long delayed. Yet the causes are obvious. Power can be produced for A and Z with little variation in cost to either. Plant design has been standardized until one can gain small advantage over another herein. The same mechanical equipment can be secured by one as by the other. There is no longer marked advantage possible to the thoroughly progressive house over another, equally progressive and intelligent, in the securing of raw materials, in the mechanical processes of manufacture, or in the methods of

¹ Reprinted from the September volume of *The Annals*. This article is of such excellence and has met with such a favorable reception that the editors feel justified in reprinting it here in order to make this volume as complete as possible.